



eMetrics Presentation

October, 2008

Know. Right. Now.

- Traffic.Com is a division of global mapping/navigation database provider Navteq.
- Traffic.Com provides real-time traffic information to consumers.
- The revenue model is ad-based.
- Key success goals on the site include viewing traffic information and registering for alerts.
- Fierce competitive environment with both Google and Yahoo as competitors.

- Substantial program with the following characteristics:
 - Approx 70K a month annual spend
 - Diverse keyword base with many local market terms
 - Relatively strong SEO program focused on traffic words by market
 - Program focused on Google but with secondary buys on Yahoo and MSN

- Program was managed by a sizeable Agency. Traffic was concerned about the level and quality of optimization strategy.

- Hired Semphonic to do a SEM Audit of the existing program as part of assessing whether to bring Search in-house or continue with Agency.

- Review current program and suggest potential optimization strategies:
 - SEO Program – Competitive Analysis and Opportunities
 - Organic Cannibalization
 - Actual Web Site Performance (not click-thru) of Keywords and Ad Groups
 - Program by Engine
 - Localization
 - Day Parting
 - Optimization Strategies
 - Other Factors

- Google Analytics was the web analytics tool for the basic program analysis along with data from the actual program buys.



- Traffic had a strong presence in natural search with excellent rankings in key categories including localized traffic words.
 - No further optimization was required in many categories
- Key competitors:
 - weather.com, SIGalert, Beat the Traffic, MapQuest, and Yahoo
- Semphonic identified productive keyword categories that were currently dominated by the competition:
 - Driving
 - Freeway
 - Conditions
- Semphonic also identified one promising category that was currently poorly exploited by Traffic and competitors:
 - Accident related words



Organic Cannibalization



- Organic Cannibalization is the extent to which a PPC campaign “borrows” visitors from natural search.
 - The presence of cannibalization can significantly alter the “real” cost of key search terms and must be understood to efficiently optimize a program.
 - Traditionally, cannibalization is measured by “going dark” on a PPC program – in this case of a period of 1 week.
 - Cannibalization varies widely from site to site and there is no “expected” outcome.

- Semphonic measured cannibalization rates for Traffic.Com to be around 30% - meaning that about a third of paid traffic would have been sourced by natural search.
 - This results was relatively consistent across engine
 - Although cannibalization was substantial, it was not large enough in the effected keywords to – in most cases – remove them from the program.



Actual Web Performance



- Analysis of the actual web performance (using bounce rates and success measures) showed a fairly striking pattern – most of the “tail” words were performing poorly while the core “traffic” words were doing well.
- These ad groups were consistently poor in terms of true return and were recommended for elimination:
 - Weather
 - Directions
 - Sign
 - Flight
 - Forecast
 - Map
 - Mobile
 - GPS Words
 - Stadium
 - Parking
 - Events
 - Free Words
 - Wreck Words
 - Transportation Words
 - HOV words
- This is a not uncommon problem. Agencies buyers often aggressively expand the “tail” by reducing – not increasing specificity. This can result in below-average tail performance.

- Google “owned” the #1 position on their own search results – making it useless to compete for that position. Big strategies could be adjusted accordingly.
- Daily Budget had a substantial impact limiting Google exposure but not on either Yahoo or MSN. This budget limitation became a primary focus of optimization.
- Some keyword groups (around accident for example) showed competitive environments from pseudo-competitors – negative keyword strategies (e.g. attorney) were identified to improve performance.
- Content Match was evaluated and determined to be performing poorly.

- Local markets differed substantially in terms of cost/performance due to local competitors. Local optimization became a second focus for optimization with some markets 50-50% better than others.
 - Some areas worth emphasizing are Washington (1.9% conversion rate; cost per conversion 50% of average); Philadelphia (1.5%; 87% of average), and Dallas (1.9%; 68% of average).
 - Other markets do not hold particularly high search volume; however, Birmingham, Nashville, Cleveland, and Austin show some potential for expansion (with a cost per conversion 50% of average and conversion rates of 2.5%).
 - Tactical optimization is possible with higher bids for these markets, or, more preferably, keyword expansion and differentiated daily budgets for these geographical groups.
 - The largest markets (New York, Chicago, Los Angeles) have average conversion rates, but higher than average cost-per-conversion. San Diego and Seattle (also with high search traffic) show particularly high competition, reflected in cost-per-conversion data.



Day-Parting Strategies



- Traffic.com showed significant variation by time-part for most week-days. Daily Budgets on Google were regularly taking Traffic out of rotation during critical late-day commute times when click rates were higher.
- The highest peak in traffic occurs from 3:00 to 7:00 PM (EST).
- Budget limits applied only to Google – they did not effect Yahoo or MSN in most cases.
- Recommended Time-Parting to maximize budget and program effectiveness.



Optimization Strategies



- Analysis of variance in the program suggested the large-scale weather events (winter storms) and localized major disruptions (Minneapolis Bridge Collapse) drove very significant levels of variation.
- Existing Ad Groups in an Area generally out-performed special ad groups created to exploit these searches. However, budget limits were consistently moving Traffic out-of-rotation in these periods with very high click-thru and program effectiveness.
- Recommended re-configuration of the program to support more “event” based optimization.



Key Audit Points



- The current program was adequately managed and run.
- The “Tail” strategy and keyword discovery around it needed to be re-considered to achieve higher – not lower – specificity.
- The likely points of significant optimization beyond day-parting involve constant tuning and attention to the business:
 - Event Optimization
 - Weather Optimization
 - Localization

- Traffic.com carefully weighed a decision on taking the SEM program in-house.
- Key considerations in-favor of in-house:
 - Previously we paid 15% of our Monthly Spend to an agency
 - So we either saved 15% in cost
 - Or we were able to buy more clicks with the existing budget
- Key considerations against:
 - Time spent to run the campaign
 - Learning Curve



Initial Optimizations



- We began in-house management the program in July 2008.

- Initial optimization efforts focused on
 - Day-parting
 - Split Testing Creative
 - Holiday Spend
 - Weather Spend
 - Trend Monthly Spend in stead of straight line

- Results of that effort:
 - CPC dropped from 17 cents with agency to 11 cents
 - CTR on creative went from 3% to 6%

- Our biggest issues:
 - Making a decision on the level of management for Yahoo and MSN
 - Bid Management Software
 - Increasing Budget on Fridays and then lowering on the Weekends
 - 24/7 monitoring of the campaign
 - Finding Staff to monitor campaign
 - Buy or not buy Traffic.com Keyword

- Some things we learned the hard way:
 - Setting up invoicing with Google and Yahoo was harder than expected

 - Trust long term models.
 - 4th of July
 - Hurricane Ike

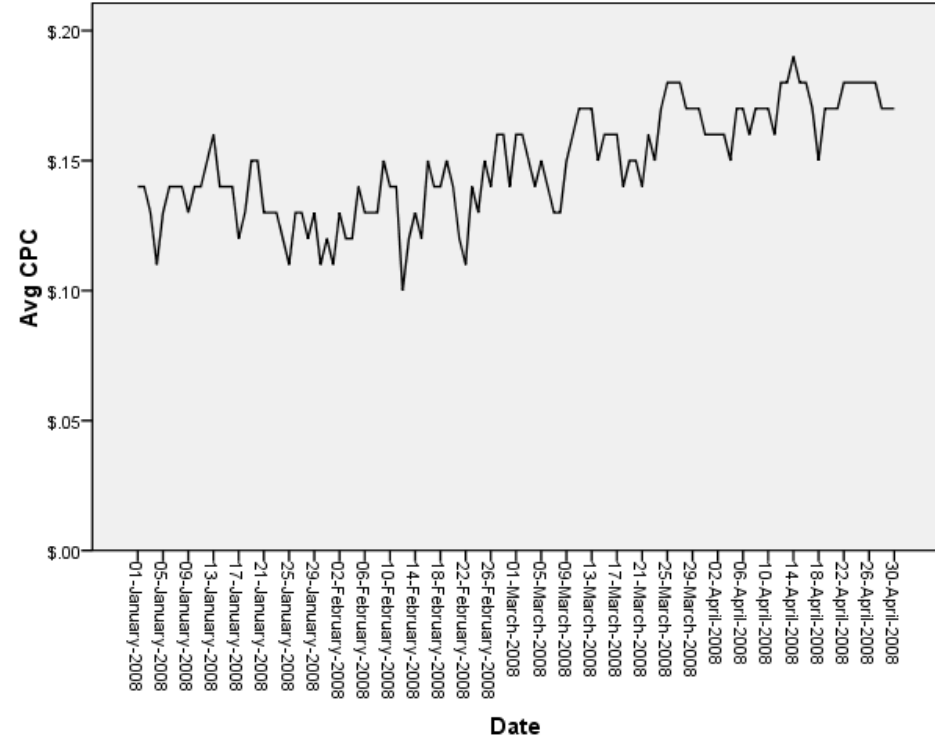
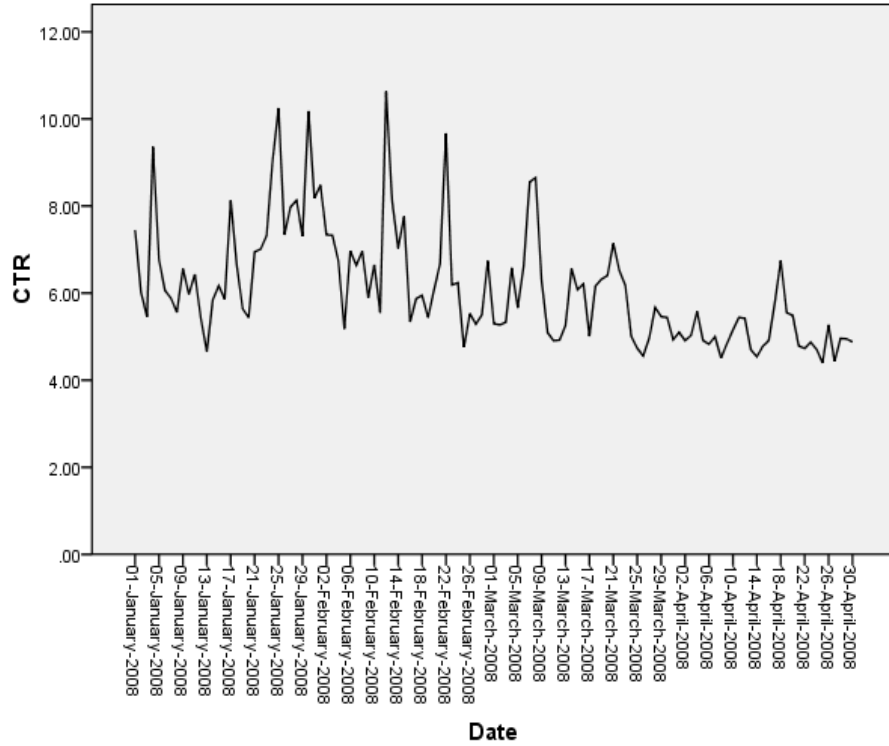
 - Coming up with new creative is time consuming so get outside help from interested members of the company

 - Non-Ecommerce SEM is abnormal from an industry perspective

- The biggest gains have been:
 - Spending into Weather during Hurricane Ike
 - Adding Negative Keywords
 - Removing Expensive Non-Performing Keywords
 - “powered by Navteq” increases CTR 1% across the board
 - Spending into cities where we have more advertising creating arbitrage
 - Enabled Auto Tagging allowing us to see Keyword metrics in Google Analytics
 - Knowledge of our Day to Day Business allowed greater leverage than agency

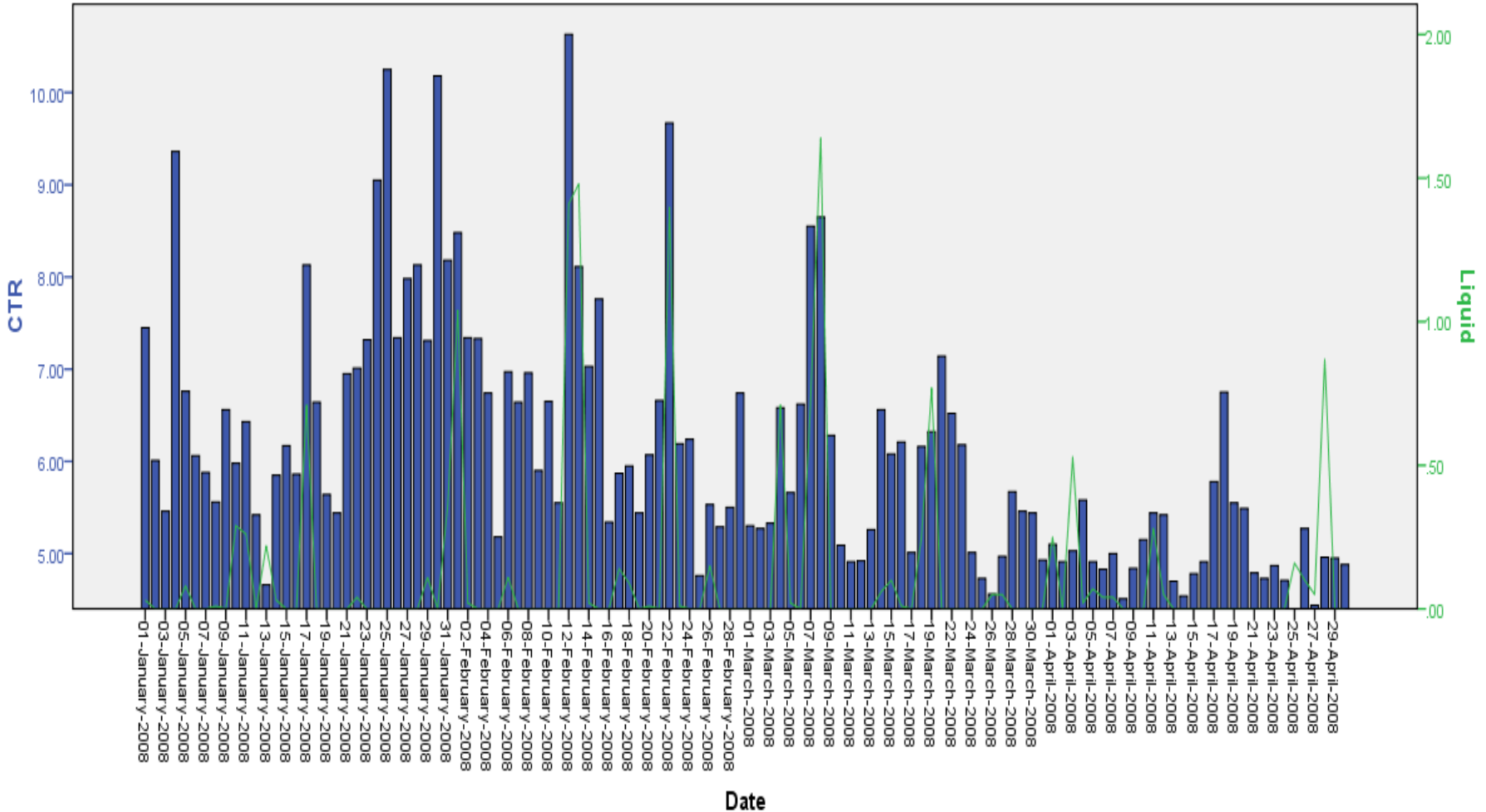


CTR vs. CPC



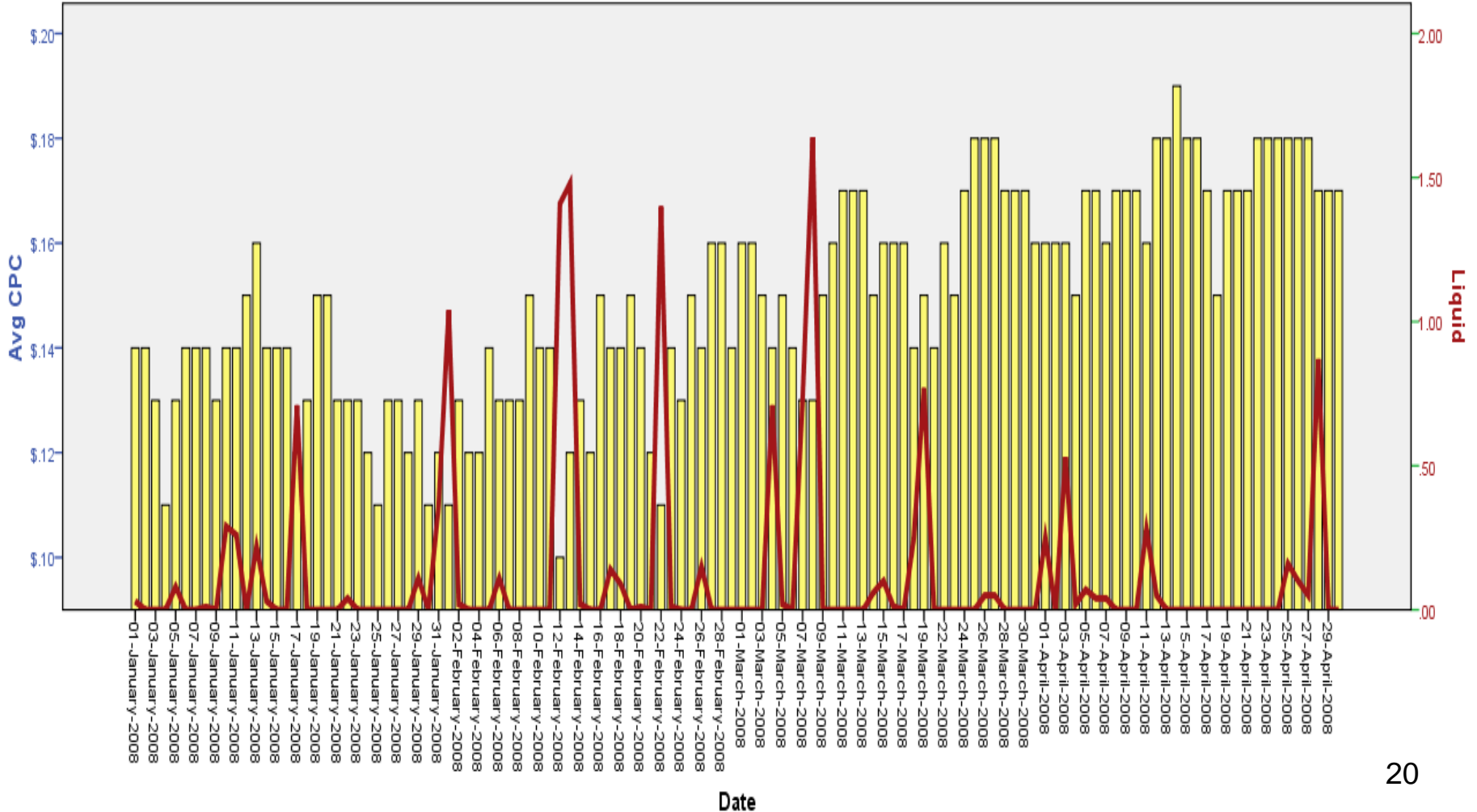


Click Through Rate goes up in the Rain





Rain is good reducing CPC by almost a nickel





Split Testing Ad Copy



- Another advantage to bringing AdWords in house is the ability to Split Test the ad copy. Constantly trying to improve click through rate.

New York Traffic

Real-time local **traffic** on the web, by email, or by phone - Free!

www.Traffic.com/NYC

New York Traffic

Real-time local **traffic** on the web, by email, or by phone - Free!

www.Traffic.com/NewYork



Key Take-Aways



- Some key things to think about if you are making a decision about managing your SEM program in-house:
 - Staffing
 - ROI
 - Precision of the Campaign
 - Turn around time for decisions
 - You know your business better than an agency ever will
 - Agency only makes money when you spend more money not based on what your results are necessarily
 - In our first month we saved an estimated \$8,000 on top of eliminating agency fee